

3/30/06

**SQUIRE  
SANDERS** | LEGAL  
COUNSEL  
WORLDWIDE

**SQUIRE, SANDERS & DEMPSEY L.L.P.**

1300 Huntington Center  
41 South High Street  
Columbus, Ohio 43215-6197

Office: +1.614.365.2700  
Fax: +1.614.365.2499

EPA Region 5 Records Ctr.



366614

**Direct: +1.614.365.2809**  
**jdemonte@ssd.com**

March 30, 2006

**VIA EMAIL**

Elise Feldman  
U.S. Department of Justice  
Environmental Enforcement Section  
Environmental and Natural Resources Division  
601 D Street, Mailroom 2121  
Washington DC 20004

**Re: In the Matter of EaglePicher Holdings, Inc., et al., No. 05-12601 (United States Bankruptcy Court for the Southern District of Ohio)**

Dear Elise:

This letter responds to your request for information on the status of Debtors' document review and production efforts with respect to your March 9, 2005 informal discovery request in the above-referenced bankruptcy proceedings of EaglePicher Holdings, Inc., and certain of its affiliates (collectively, the "Debtors"). The Debtors understand that this information is requested in order to allow you to evaluate the proposed funding of the Custodial Trusts (as defined in the Debtors' First Amended Joint Plan of Reorganization (the "Plan")) for certain Designated and Transitional Property identified therein. Debtors have agreed to produce documents informally to facilitate your evaluation of the proposed funding of the Custodial Trusts and to facilitate our mutual efforts to try to reach a comprehensive settlement agreement, the primary component of which relates to the adequacy of that funding, in lieu of having the Court determine that issue. We are aware of the time constraints imposed by the need to complete this evaluation and conduct meaningful settlement discussion before the **confirmation hearing date of April 19, 2005 and our agreed deadline of April 17, 2005 for the filing of any objection the United States may have with respect to the Plan.**

Since receipt of your requests, we have conducted a thorough reasonable review of Debtors' files likely to contain responsive documents. Consistent with the time constraints presented and your agreement, we have produced documents on a rolling basis. Our initial production on March 15 consisted of documents relative to the Galena, Kansas site, including two Phase I Environmental Site Assessments (KS000001 to 00000168). On March 16, we also produced another round of documents relating to the Galena, Illinois (IL-000001 to 000016) site, the Hillsdale, Inkster and River Rouge sites in

CINCINNATI • CLEVELAND • COLUMBUS • HOUSTON • LOS ANGELES • MIAMI • NEW YORK • PALO ALTO • PHOENIX • SAN FRANCISCO • TALLAHASSEE • TAMPA • TYSONS CORNER  
WASHINGTON DC • WEST PALM BEACH | CARACAS • RIO DE JANEIRO • SANTO DOMINGO | BRATISLAVA • BRUSSELS • BUDAPEST • LONDON • MADRID • MILAN • MOSCOW  
PRAGUE • WARSAW | BEIJING • HONG KONG • SHANGHAI • TOKYO | ASSOCIATED OFFICES: BUCHAREST • BUENOS AIRES • DUBLIN • KYIV • SANTIAGO

www.ssd.com

Michigan (000001 to 0000973) and the Miami, Oklahoma facility (OK-00001 to 000142). A third round of production went out on March 22 and included additional documents relative to the Galena, Illinois site (IL000017 to 000056), the Hillsdale and Inkster, Michigan sites (MI0000974 to MI0001096) and the Urbana and Sidney, Ohio sites (OH000001 to OH000472). A fourth round of production was sent out on March 28 and included additional documents relating to the Galena, Illinois site (IL000057 to IL000149), the Urbana and Sidney, Ohio sites (OH000473 to OH001221), the Galena, Kansas facility (KS0000169 to 0000679), the Miami, Oklahoma facility (OK000143 to 000459) and the Inkster, Michigan facility (MI0001097 to 0001443). A fifth round was produced yesterday, March 29, related to the Hillsdale and Inkster, Michigan sites (MI0001444 to MI0003069). Finally, a sixth round of production was produced today, March 30 and included additional documents related to the Inkster and Hillsdale, Michigan sites (MI0003245 to MI0003628) and Miami, Oklahoma facility (OK0000460 to OK0000464). Debtors believe that these documents include the most current assessment and sampling information available on the sites that are proposed for inclusion in the Custodial Trusts and thus, the most relevant to determining the appropriate funding for the Custodial Trusts. These are the same documents that Debtors are relying on for their funding estimates.

#### **A. Designated Property**

Notwithstanding the foregoing, as we have discussed, Debtors are continuing their efforts to locate additional responsive documents relative to the Designated and Transitional Properties to the extent that they still exist. With respect to Designated Property, we believe that Debtors have provided you with all responsive documents relative to Urbana, Ohio and Sidney, Ohio and that no additional responsive documents remain in our files relative to these sites.

In addition, as Karen Winters advised you on March 27, Debtors do not believe that they have documentation in their possession or control responsive to your requests relative to the properties located in or near Baxter Springs, Cherokee County, Kansas; Columbus, Kansas, Hockerville, Oklahoma, or Picher, Oklahoma. We believe any information the Debtors may have had relating to property ownership and mining history would have been previously produced to the Agency in the context of its involvement in the Cherokee County and Tar Creek Superfund Sites, respectively, in the 1980s. It is Debtors' actual belief that USEPA and the respective state agencies are likely to have more information concerning conditions on these properties than Debtors, especially with respect to those properties that appear to already have been remediated in agency managed actions.

Finally, while we have provided you with responsive documents relative to the Galena, Kansas, Galena, Illinois, and River Rouge, Michigan sites, we are continuing to try to determine if other files relevant to these sites exist. In particular, we are trying to determine if Debtors still have files with respect to Galena, Kansas that address the issues raised in your telephone call with Karen Winters on March 27 (such as documents relating to building demolitions, well plugging activities, and a 1996 internal property assessment referenced in the previously provided in the Phase I Environmental Site Assessment from Environ). Further, we have identified several oversized maps that relate to Galena, Kansas which we will have copied and sent to you in hard copy form no later than Monday April 3. We will continue to look for responsive files relative to the Galena, Kansas property, but given our efforts to date we do not believe that the Debtors have additional responsive documents in their possession, custody

or control. With respect to the River Rouge, Inkster and Hillsdale, Michigan sites, we have received additional documents today that we will also be producing no later than Monday April 3.

**B. Transitional Property**

In addition to our continuing review with respect to the Designated Property, we have also continued to review company files for documents related to the Transitional Property. As a result of these efforts, we produced additional materials to you on the Inkster, Michigan and Hillsdale, Michigan and Miami, Oklahoma sites today. With respect to the Miami, Oklahoma site, however, we have learned that most pre- 2004 documents relative to this facility are in the hands of the entity that purchased the business from Debtors and which currently leases a portion of the property from Debtors, Fisher Scientific. Debtors have requested access to these documents in the past, but those requests have been denied. Notwithstanding, Debtors are not aware of any pre-2004 site assessments or soil or groundwater sampling that Fisher Scientific might have in its files that have not already been provided to you. Accordingly, we believe that at this time we have provided you with all responsive documents relative to this site that are in our files.

In conclusion, we believe that the bulk of our production is now complete and absent identification of additional documents will be concluded on or before Monday April 3 with delivery of the supplemental production described above. Nevertheless, we will continue to try to identify responsive documents to the extent that they exist and to respond to any follow up questions you may have. In the event we do identify any additional responsive materials, we will update you immediately.

**C. Admissibility of Documents**

Lastly, in response to the question you raised at the end of yesterday's call with the State of Oklahoma regarding the Debtors' position as to the admissibility of the documents that have been produced by the Debtors, the Debtors will not object to the admissibility of factual documents sought to be admitted for the purpose of proving facts contained therein, but would object to any efforts to admit the documents to assert liability based on the fact that the Debtors are engaging in an effort to resolve contested claims consistent with FRE 408, or to the extent other applicable privileges apply, if any. I hope this allays your concerns on this point.

Elise Feldman  
March 30, 2006  
Page 4

SQUIRE, SANDERS & DEMPSEY L.L.P.

As always, if you have any further questions, please do not hesitate to contact us.

Very truly yours,



Patrick Brooks

cc: Erika Bessey (via email)  
James Morgan (via email)  
Betsey Streuli (via email)  
Jack McManus (via email)  
Jonathan Pierce (via email)  
Paul Harper (via email)  
Stephen Lerner (via email)  
Scott Kane (via email)  
Karen A. Winters (via email)